

FISCAL NOTE

Bill #: HB0375 **Title:** Revise teachers retirement laws-return to work
Primary Sponsor: Matthews, G **Status:** As Introduced

| | | | |
|-------------------|------|---------------------------------|------|
| Sponsor signature | Date | Chuck Swysgood, Budget Director | Date |
|-------------------|------|---------------------------------|------|

Fiscal Summary

| | <u>FY 2004 Difference</u> | <u>FY 2005 Difference</u> |
|--|--------------------------------------|--------------------------------------|
| Expenditures: | | |
| Other – Pension Trust | \$11,250 | \$0 |
| Revenue: | | |
| Other - Pension Trust | \$0 | \$0 |
| Net Impact on General Fund Balance: | \$0 | \$0 |

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Teacher's Retirement System

1. TRS retirees who have been retired for at least 12 months may be re-employed part-time or full-time in a TRS covered position, without any restrictions on the amount they may earn.
2. TRS retirees reemployed under this act would receive only 75 percent of the retirement benefit they would otherwise be eligible to receive.
3. Employer contributions paid to TRS will not be greater than the contributions that would normally be paid to TRS for a non-retired member. There is no increased revenue generated because non-retired members will be rehired and no new positions will be created.
4. Any retired TRS member re-employed or continuing to be employed under the provisions of this act after July 1, 2006, would be subject to the earnings and employment limitations under 19-20-804, MCA.
5. It is not possible to estimate the cost of this proposal on the Teachers' Retirement System because the number of retired teachers and administrators who would be re-employed is not known.
6. Due to the limitations and reemployment conditions included in this act, there is not an expected actuarial cost impact on the system associated with this proposal.
7. Modifications to the TRS automated pension administration system will not exceed \$11,250.

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(continued)

Office of Public Instruction

8. This legislation has no impact on school district budgets or county retirement budgets.

FISCAL IMPACT:

| | FY 2004 Difference | FY 2005 Difference |
|--|-----------------------|-----------------------|
| Teacher's Retirement System | | |
| <u>Expenditures:</u> | | |
| Operating Expenses | \$11,250 | |
| <u>Funding of Expenditures:</u> | | |
| Other - Pension Trust | \$11,250 | |
| <u>Revenues:</u> | | |
| Other - Pension Trust | \$0 | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | |
| Other | (\$11,250) | |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

To the extent that retired TRS members are hired in place of teachers and administrators who would normally be reported to TRS, school district's contributions to TRS will not increase.

LONG-RANGE IMPACTS:

Due to the limitations and reemployment conditions included in this act, i.e., 12 month waiting period, 3-year sunset, reduction in benefits and continuing employer contributions, there is not an expected actuarial cost impact on the Teachers' Retirement System associated with this proposal.